

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF DUANE MORRIS LLP
FOR THE SEVENTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Seventeenth Interim Quarterly Fee Application of Duane Morris LLP (the "Application").

BACKGROUND

1. Duane Morris LLP ("Duane Morris") was retained as counsel to the official committee of asbestos property damage claimants. In the Application, Duane Morris seeks approval of fees totaling \$45,254.50 and costs totaling \$1,148.39 for its services from April 1, 2005, through June 30, 2005.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Duane Morris an initial report based on our review, and received a response from Duane Morris, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted seven entries listed in the application totaling 2.6 hours and \$1,430.00 referencing the review of legislation. The entries are provided below.

4/13/2005	WS KATCHEN	LEGISLATION UPDATE	0.30	\$172.50
4/14/2005	WS KATCHEN	UPDATE LEGISLATION	0.20	\$115.00
4/23/2005	WS KATCHEN	LEGISLATION UPDATE	0.20	\$115.00
6/17/2005	WS KATCHEN	LEGISLATION UPDATE	0.30	\$172.50
		ON S 852 AT ½		
6/27/2005	WS KATCHEN	LEGISLATION UPDATE	0.30	\$172.50
6/20/2005	MR LASTOWSKI	REVIEW STATUS OF	0.70	\$367.50
		ASBESTOS LEGISLATION		
6/28/2005	MR LASTOWSKI	REVIEW STATUS OF	0.60	\$315.00
		ASBESTOS LEGISLATION		

We note that during the March 21, 2005, hearing in the USG Corporation bankruptcy case¹, this Court stated, "...I'm having some difficulty understanding how any one estate ought to be charged with paying for legislative efforts . . . if USG wants to volunteer its services and help Senator Specter's team to try to get something fixed, that's fine. I'm happy to do that, but in terms of having this estate pay for it, I think I do want an analysis of why that's appropriate . . ." In light of this statement, we asked Duane Morris to explain the specific benefit to the estate derived from each of the entries cited above. Duane Morris responded that they had no objections to our

¹Bankruptcy Case number 01-2094.

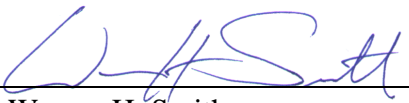
recommendations, and thus we recommend a reduction of \$1,430.00 in fees.

CONCLUSION

4. Thus we recommend approval of fees totaling \$43,824.50 (\$45,254.50 minus \$1,430.00) and costs totaling \$1,148.39 for Duane Morris' services from April 1, 2005, through June 30, 2005.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 18th day of November, 2005.


Warren H. Smith

SERVICE LIST

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